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South Africa - Republic of

Grain and Feed Update

Quarterly update

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Report Highlights:

South Africa's commercial corn crop for the 2011/12 MY is estimated at 10.883 million tons on 2.372 million hectares. This is 15 percent less than the previous year's crop of 12.815 million tons due to lower corn plantings. The area planted decreased by 13 percent from the 2.742 million hectares that was planted in the 2010/11 MY in response to South Africa's four million ton corn surplus that has accrued after three excellent crop years in a row. In the 2010/11 marketing season, South Africa's corn consumption increased nearly four percent to 9.660 million tons on the back of lower domestic corn prices. In total, South Africa exported 2.069 million tons of corn in the 2010/11 MY. With carry-over stocks of approximately five million tons and the current crop of approximately 11 million tons, it is expected that South Africa will export another two million tons of corn in the 2011/12 MY.

Post:

Pretoria

Executive Summary:

The third estimate for the area planted and production of corn by commercial farmers for the 2011/12 MY was released by the Crop Estimate Committee (CEC) on April 20, 2011. According to the CEC, commercial farmers planted 2.372 million hectares of corn. This is 13 percent less than the corn hectares planted in the 2010/11 MY in response to South Africa's four million ton corn surplus.

Additionally the CEC estimates the 2011/12 MY commercial corn crop at 10.883 million tons. This is 15 percent less than the previous year's crop of 12.815 million tons due to lower corn plantings. Post estimates that subsistence farmers produced about 560,000 tons of corn for the 2011/12 MY, which brings South Africa's total estimated corn crop for the 2011/12 MY to 11.443 million tons.

In the 2010/11 marketing season, South Africa's corn consumption increased by nearly four percent to 9.66 million tons on the back of lower domestic corn prices. Total commercial corn consumption for the 2011/12 MY is estimated to be around 9.82 million tons. Corn for human consumption is expected to remain flat due to currently higher prices, while corn for feed purposes is expected to increase by three percent on the back of better expected economic growth.

In total, South Africa exported 2.069 million tons of corn in the 2010/11 MY of which 1.051 million tons was white corn and 1.018 million tons yellow corn. With a carry-over stock of approximately five million tons and a current crop of more than 11 million tons, it is expected that South Africa will export another two million tons of corn in the 2011/12 MY.

US\$1 = Rand 6.64 (05/04/2011)

Sources:

w.sagis.org.za

w.grainsa.co.za

w.safex.co.za

w.daff.gov.za

Corn

Production

Post forecasts that the area planted to corn later in 2011 for the marketing year that will start May 2012 and ending April 2013 (2012/13 MY for South Africa and split year 2011/12 in the PS&D table) will be around three million hectares. Commercial farmers will plant about 2.5 million hectares on the back of higher corn prices, and subsistence farmers, about 500,000 hectares. This will, on a national average yield, result in a crop of about 12.3 million tons.

The third estimate for the area planted and production of corn by commercial farmers for the 2011/12 MY (May 2011 to April 2012 and split year 2010/11 in the PS&D table) was released by the CEC on April 20, 2011. According to the CEC, commercial farmers planted 2.372 million hectares of corn for the 2011/12 MY. This is six percent less than the first area estimate in January 2011 and 13 percent less than the corn hectares planted in the 2010/11 MY. Post forecasts subsistence farmers planted about 500,000 hectares of corn. Commercial farmers planted 1.418 million hectares with white corn, 18 percent less than the previous year, and 954,000 hectares with yellow corn, seven percent less than the previous year. Corn plantings are down in response to South Africa's current four million ton corn surplus that developed after three excellent crop years in a row.

The CEC estimates the 2011/12 MY commercial corn crop at 10.883 million tons. This is 15 percent less than the previous year's crop of 12.815 million tons due to lower corn plantings. White corn is estimated at 6.261 million tons, 20 percent less than the previous season, while yellow corn is estimated at 4.622 million tons 7 percent less than the previous year. Post estimates that subsistence farmers produced about 560,000 tons of corn for the 2011/12 MY, which brings South Africa's total estimated corn crop for the 2011/12 MY at 11.443 million tons. This is five percent lower than post's January estimate of 12 million tons due to a downward adjustment in the hectares planted with corn.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2010/11 (actual), 2011/12 (estimate) and 2012/13 (forecast) marketing years.

Table 1: Area planted and production of commercial and subsistence corn in South Africa

	Area 1,000ha	Yield t/ha	Prod. 1,000 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t
MY	2010/11			2011/12			2012/13		
Commercial corn									
White	1,720	4.5	7,830	1,418	4.4	6,261	1,400	4.5	6,330
Yellow	1,023	5.1	4,985	954	4.8	4,622	1,100	4.9	5,400
Sub Total	2,742	4.8	12,815	2,372	4.6	10,883	2,500	4.7	11,730
Subsistence corn									
White	372	1.1	422	350	1.1	380	350	1.1	390
Yellow	149	1.2	184	150	1.2	180	150	1.2	180
Sub Total	521	1.2	606	500	1.1	560	500	1.1	570
TOTAL	3,263	4.1	13,421	2,872	4.0	11,443	3,000	4.1	12,300

Source: SAGIS and CEC

Consumption

In the 2010/11 marketing season, South Africa's corn consumption increased by nearly four percent to

9.66 million tons on the back of lower domestic corn prices. Human consumption of corn (mainly white corn) increased by one percent to 4.53 million tons while animal consumption of corn (mainly yellow corn) increased by almost four percent to 4.26 million tons.

Total commercial corn consumption for the 2011/12 MY is estimated to be around 9.82 million tons. Corn for human consumption is expected to remain flat due to higher prices, while corn for feed purposes is expected to increase by three percent. As general economic conditions improve, middle-income consumers will consume more meat which will increase the demand for corn as the major animal feedstock.

For the 2012/13 MY, Post forecast that the trend of the previous season will continue with corn for human consumption to basically remaining flat, while the demand for corn for animal feed purposes will increase by almost three percent to 4.5 million tons. As a result, the total domestic demand for corn will increase by two percent to 10.0 million tons in the 2012/13 MY.

The following table outlines the commercial consumption for white and yellow corn for the 2010/11 (estimate), 2011/12 (estimate) and 2012/13 (forecast) marketing years. Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors.

Table 2: The commercial consumption of white and yellow corn in South Africa

CORN 1,000 t	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
MY	2010/11			2011/12			2012/13		
Human	4,180	350	4,530	4,200	350	4,550	4,250	350	4,600
Animal	1,592	2,668	4,260	500	3,890	4,390	500	4,000	4,500
Other	350	520	870	350	530	880	350	550	900
TOTAL	6,122	3,538	9,660	5,050	4,770	9,820	5,100	4,900	10,000

Source: SAGIS, Grain SA

Trade

With one of the largest corn crops ever produced in the country, South Africa had approximately four million tons of corn available for export in the 2010/11 MY. South Africa exported approximately half of that to 23 countries around the world (see Table 3). The largest share was exported to Korea, which acquired 610,721 tons of yellow corn and 205,317 tons of white corn. Korea was followed by Botswana (176,114 tons) and Italy (131,107 tons). In total South Africa exported 2.069 million tons of corn in the 2010/11 MY of which 1.051 million tons was white corn and 1.018 million tons yellow corn. It was one of the few seasons where more than a million tons of yellow corn were exported, which illustrates South Africa's ability to also supply new markets with yellow corn outside its traditional white corn exports to African markets.

With a carry-over stock of approximately five million tons and a current crop of more than 11 million tons, it is expected that South Africa will export another two million tons of corn in the 2011/12 MY.

Table 3: Export and Import Countries for white and yellow corn (1,000 tons)

MY	2009/10 (May 1, 2009 – Apr 30, 2010)		2010/11 (May 1, 2010 – April 30, 2011)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Botswana	144	28	159	17
Cameroon	1	2	10	5
Chad	1		3	
Guinea			5	
Iran		37		
Italy			131	
Japan				98
Kenya	837	15	41	
Korea			205	611
Kuwait		10		82
Lesotho	114	3	107	4
Mauritius				10
Madagascar	1	7		6
Malaysia		42		
Mexico			72	
Mozambique	109	25	74	24
Namibia	76	25	79	20
Nigeria			14	
Portugal			30	5
Senegal		11	2	4
Seychelles		1		
Somalia			29	
Spain				26
Swaziland	24	52	52	55
Taiwan				51
Zimbabwe	101	4	37	
TOTAL EXPORTS	1,408	262	1,050	1,018
Import Suppliers				
Brazil	0	27	0	0
TOTAL IMPORTS	0	27	0	0

Source: SAGIS

Prices

The South Africa Future Exchange (SAFEX) prices as of April 21, 2011, are shown in Table 4. Currently, white corn prices are at R1,643 per ton and yellow corn prices at R1,692 per ton, both trading at export parity levels. Since January 2011, local white corn prices have increased by 17 percent and yellow corn prices by 12 percent, and on a year-on-year basis local white corn prices increased by 49 percent and yellow corn prices by 45 percent. Since early 2008, white and yellow corn prices are trading at export parity levels, illustrating the oversupply of corn on the local market. The upward movement in local corn prices over the past few months follows the global trend of rising commodity prices although the total price impact was somewhat reduced by the relative strong value of the rand

against the US\$.

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 04/21/2011)				
Commodity	2011/05	2011/07	2011/09	2011/12	2012/03
White corn	R1,643/t (\$247/t)	R1,668/t (\$251/t)	R1,699/t (\$256/t)	R1,751/t (\$264/t)	R1,775/t (\$267/t)
Yellow corn	R1,692/t (\$255/t)	R1,721/t (\$259/t)	R1,752/t (\$264/t)	R1,797/t (\$271/t)	R1,812/t (\$273/t)

PS&D Table

Corn South Africa	2009/2010		2010/2011		2011/2012	
	Market Year Begin: May 2010		Market Year Begin: May 2011		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,263	3,263	2,900	2,872		3,000
Beginning Stocks	4,113	4,113	5,158	5,194		4,257
Production	13,420	13,420	12,000	11,443		12,300
MY Imports	25	0	25	0		0
TY Imports	27	0	25	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	17,558	17,533	17,183	16,637		16,557
MY Exports	2,000	2,069	2,000	2,000		2,000
TY Exports	1,586	1,586	2,200	1,500		1,500
Feed and Residual	4,700	4,570	4,800	4,670		4,790
FSI Consumption	5,700	5,700	5,800	5,710		5,780
Total Consumption	10,400	10,270	10,600	10,380		10,570
Ending Stocks	5,158	5,194	4,583	4,257		3,987
Total Distribution	17,558	17,533	17,183	16,637		16,557

1000 HA, 1000 MT, MT/HA